



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 25 2018 (ending 22/06/2018)

**“A change in the weather is sufficient to recreate the world and ourselves.” – Marcel Proust**

**Summer Economic Statement outlines new spending rises / tax cuts of €800m** – The Summer Economic Statement (SES), set out by Paschal Donohoe, excluding €2.6 billion of prior announcements, outlines €800m of new spending rises and tax cuts for the 2019 Budget with a €500m contribution to the ‘rainy day’ fund.

**PM May wins narrow vote on EU Withdrawal Bill** – Peers in the House of Lords accepted the amendment to the EU (Withdrawal) Bill sent to them from the House of Commons, with the government winning the Commons vote 319 to 303, after Prime Minister May’s assurances were accepted by the would-be rebels.

**Global stock market down 1% on the week** – The MSCI AC World TR Index showed a minus 1.04% return from 15th June to 22nd June, as international trade relations and European political concerns dominated the market headlines. The Volatility Index (Vix) closed the week higher at 13.77, up from 11.98 on 15<sup>th</sup> June.

**U.S./China/European trade tensions increase** – The Trump administration threatened to impose an additional \$200 billion in tariffs on Chinese imports if China retaliates to the \$250 billion in tariffs the U.S. has already proposed while also warning it may place a 20% tariff on auto imports from the European Union.

**BOE votes to hold UK rates steady** – The Bank of England’s Monetary Policy Committee decided to maintain interest rates at 0.5% but there was some surprise at the 6-3 vote with even the Chief Economist Andy Haldane pushing for a rate rise. This may indicate a higher probability of an August rate increase.

**OPEC agrees to increase oil output** – The Organisation of the Petroleum Exporting Countries announced an increase in oil production of up to one million barrels per day from 1<sup>st</sup> July to make up for production shortfalls in Venezuela and Iran, partially reversing the oil cuts agreed in late 2016 which led to large price increases.

**The Story of the week:** In Russia for the World Cup, a man who wanted to make a reservation at the Goodman Steak House restaurant was told they were completely booked out. Minutes later he called back claiming to be the Prime Minister of Morocco, Saadeddine Othmani, who he doesn’t even bear a resemblance to. He ended up getting the best table in the restaurant and the chef (from Morocco?!) even asked him to sign a plate and also to get a photo taken with him. The Twitter user [@lhab8knicks](#) is the son of the impersonator and he uploaded the relevant evidence.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD (to 22/06)</b>
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	2.2
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	2.0
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	2.2
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	0.4
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	4.0
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	11.4
Nikkei 225	56.7	7.1	9.1	0.4	19.1	-1.1
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-1.8
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.4
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
U.S.	3.0	2.2	2.2	2.4	2.4	2.9
German	1.9	0.5	0.6	0.2	0.4	0.3
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.0
Ireland	3.4	1.3	1.1	0.7	0.7	0.8
Italy	4.1	2.1	1.6	1.8	2.0	2.8
Greece	8.2	9.6	7.9	7.1	4.1	4.2
Portugal	6.1	2.7	2.5	3.8	1.9	1.8
Spain	4.1	1.6	1.7	1.4	1.6	1.4
<b>Central Bank Rates (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.0
<b>Foreign Exchange Rates</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.88
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.32
<b>IPD All Property Return % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Ireland	12.3	36.1	25.1	12.6	8.1%	2.8% (To end of Q1)
U.K.	10.7	17.8	13.1	3.6	10.3%	1.9% (To end of Q1)
U.S.	11.4	11.2	12.1	7.8	7.1%	2.2% (To end of Q1)

\*Past performance is not a reliable guide to future performance and may fall as well as rise.